



Council on Technology Services

Draft Minutes

August 25, 2005

VDOT Auditorium, 1221 E. Broad St.
Richmond, Virginia

Members Present

Lemuel C. Stewart, Jr., Chairman (VITA)
Jerome P. Allgeier (VDACS)
L. Farley Beaton (TAX)
Jeanne H. Branch (DPOR)
David W. Burhop (DMV)
James E. Burns, M.D., M.B.A. (VDH)
Bethann H. Canada (DOE)
M. Elaine Carver (Roanoke)

Dania Karloff (Chesapeake)
Virgil E. Kopf, Ph.D., PMP (DGIF)
David J. Molchany (Fairfax)
Francis X. Moore, III, Ph.D. (Longwood)
Darlene H. Quackenbush (JMU)
Mark D. Willis (VCU)
William E. Wilson (DLAS)

Members Absent

J. Timothy Bass (VRS)
Jan B. Fatouros (DGS)
Vickie A. Gephart (VSP)

Karl R. Hade (SCV)
The Honorable Eugene J. Huang (SoTech)
Shirley C. Payne (UVA)

Others Present

Jenny Hunter (VITA)
Loyd Lane (VITA)
Judy Napier (SoTech)

Bob Smith (SCV)
Scott Somerhalder (Virginia.gov)
John Westrick (OAG)

Call to Order

Chairman Lemuel C. Stewart, Jr., Chief Information Officer (CIO) of the Commonwealth, called the meeting of the Council on Technology Services (COTS) to order at 2:08 PM. He welcomed new COTS member Dania Karloff, IT Director for the City of Chesapeake. He acknowledged the presence of Deputy Secretary of Technology Judy Napier for Secretary of Technology Eugene J. Huang, and Bob Smith of the Supreme Court of Virginia for Karl Hade.

Transformation Update

Mr. Stewart provided an update on Transformation and the Public-Private Educational Facilities and Infrastructure Act (PPEA) process. Highlights of his presentation are:

- While many agencies have strong IT operations, the current environment at the enterprise level is weak. Enterprise security is inadequate, networks are fragmented, the computing environment is inconsistent from one agency to the next, there are multiple helpdesks, PCs are often incompatible and outdated, and service levels are largely undefined with unpredictable costs.
- Following Transformation, the future state would have adequate security, integrated networks, consolidated servers, standardized computing environment, a single infrastructure helpdesk, compatible platforms, regular maintenance and

replacement, and service levels would be defined and measured. All this results in predictable costs and consistent services.

- Transformation is a long-term re-engineering effort (seven to ten years), requiring significant investment (\$200 to \$250 million). Challenges include no new funding, significant culture and behavioral changes, and re-engineering business processes.
- There are no major, immediate cost savings associated with Transformation. The Commonwealth made a conscious decision not to layoff large numbers of IT workers. It is VITA's intent to manage the process through attrition.
- PPEA is the best vehicle for achieving Transformation as it offers innovative funding mechanisms, a flexible approach, and a true partnership where the partner and the state share in rewards and risks. The PPEA is not comparable to a traditional outsourcing arrangement, as the prospective partners are bringing substantial capital to the table, sharing in the risk of the effort, and receiving return on investment toward the back end of the deal.
- VITA received five PPEA proposals beginning in November 2003. In November 2004, the proposals were split into two tracks: infrastructure and enterprise applications. Infrastructure includes the hardware, networks, and associated services and staff. Enterprise applications includes those business processes and associated software applications that are used across state government.
- The IT Investment Board is the business owner for the infrastructure track, while the Secretaries of Administration and Finance are the business owners of the enterprise applications track. The Board is responsible for oversight of the IT portion of the enterprise applications track, similar to any other major IT project.
- A highly collaborative review of the infrastructure proposals was completed in August 2005, with the Board approval of the recommendation to move into formal negotiations on August 10. Detailed review involved 60 individuals from 14 agencies. The COTS Workgroup that provided input was chaired by Mr. Burhop and included nine members representing seven agencies, including the Judicial and Legislative branches, local government, and higher education.
- Transformation will affect customers positively by offering predictable, consistent service at predictable, consistent prices. One challenge will be to redistribute dollars among agencies. While the overall spend remains the same, the costs for some agencies will go up while costs for other agencies will go down.
- PPEA is the best vehicle for achieving Transformation and is the right direction for the Commonwealth. Doing nothing will result in \$200 million additional costs to maintain and support the aging infrastructure with a depleting skill set. No agreement will be signed unless employees are treated fairly, the partnership will result in improvements, the costs remain at or below the FY05 baseline spend, there is no off-shoring, and the potential partner invests in Virginia.

In response to questions from Mr. Burhop, Mr. Stewart said that Henrico County is changing its curriculum for 8th and 9th graders to prepare them for entrance to college and the business world.

Approval of the Minutes

Mr. Stewart introduced the draft meeting minutes from May 11, 2005. Mr. Burhop moved to accept the minutes as written. The motion was seconded by Mr. Willis and approved

unanimously by the Council. The meeting minutes will be posted to the COTS Web site and the Commonwealth Calendar.

Transformation & Business Development

VITA Director of Business Development Loyd Lane provided an update on the customer relationship management function and roles at VITA. Highlights of his presentation are:

- The purpose of the Business Development/Customer Relationship Management Directorate at VITA is to grow the business, align infrastructure and services with the strategic direction of customers, and become a customer-driven, customer-focused organization.
- The Customer Relationship Management Group will focus first on in-scope agencies and build industry knowledge (public safety, health, education, transportation, etc.) and then expand that knowledge base for the benefit of potential customers in localities, higher education, and out-of-scope agencies.
- The Customer Innovation Management Group will focus on what customers need and want, gathering customer feedback and input, and bring solutions and vendors to customers.
- The change to become more customer-focused and improve services is not dependent on PPEA—the changes are needed whether a PPEA agreement is signed.
- Potential customers include the Executive Branch (in-scope agencies, out-of-scope agencies, independent agencies, higher education), localities, and the Legislative and Judicial branches.
- The current perception of VITA services is telecommunications, hosting, and state IT contracts. VITA actually provides, however, a wide range of services, from GIS to desktop support to Virginia.gov, the state portal.
- The business direction for VITA is to be customer-driven, ensure strategic alignment with customers, become more business oriented, promote use of VITA's wide range of services and offerings, initiate enterprise-wide systems and solutions, and enable centers of excellence and e-commerce.
- The purpose is not to generate profits, but to generate reinvestment in the infrastructure. The unit is focused on lowering unit costs and improving services for citizens.
- VITA is not the business owner of applications—VITA's role is to initiate, collaborate, facilitate, enable, implement, and support enterprise applications.
- VITA has launched a service bulletin, targeted to local governments, to inform potential customers of cost-saving opportunities through VITA. The first letter was sent in July to 2,263 contacts and exceeded industry norms for response rates. The latest bulletin was sent to about 4,500 contacts with similar results.

Mr. Lane introduced Scott Somerhalder, General Manager for Virginia.gov, who provided a presentation on electronic commerce and the role of Virginia.gov. Highlights of his presentation are:

- The Virginia Information Providers Network (VIPNet) name has been abolished. Virginia Interactive is responsible for maintaining the state portal, Virginia.gov. NIC is the parent company for Virginia Interactive, and operates state portals in 17 other states.

- Virginia Interactive is strictly in the business of e-government, providing a range of products and services to enhance e-commerce, such as payment portal, Web site architecture and design, marketing services to drive adoption, business process analysis, and integration with backend systems and databases. It is self-funded.
- Virginia has many e-government "firsts," including personalized government Web sites, real-time election results, the first wireless government portal, free legislative tracking and e-mail notification service to citizens, and providing real-time customer assistance through the portal's Live Help feature.
- Virginia.gov is an enterprise solution in and of itself, and also offers e-government enterprise solutions like Google search, Live Help, Enterprise Payment Portal, constituency notification services, events registration and calendar, shopping cart, professional licensing, content management, and online security training.
- Virginia.gov has been successful, providing more than 8,000 pages of information and processing more than 50 million government transactions in 2004. More than 46 percent of page views and downloads occur outside of normal government office hours. 201 state and local entities use one or more Virginia.gov services and current savings for the Commonwealth for 2005 (calendar year) are more than \$1.1 million.
- At no cost to the Commonwealth, Virginia.gov has provided more than \$2.0 million in design and programming services to the State Board of Elections and the 134 voter registrar offices across Virginia. Virginia.gov has also assisted the Department of Health Professions, the Virginia Employment Commission, and the Department of Game and Inland Fisheries, resulting in enhanced citizen services and a projected savings of \$3.35 million annually.
- Next steps for Virginia.gov are to continue making Virginia government services available anytime and anywhere, removing boundaries among agencies and levels of government, and enhancing the Virginia.gov portal for more intentions-based and event-driven navigation.

COTS Workgroup Reports

Business Reengineering Workgroup

COTS Business Reengineering Workgroup Chairman Farley Beaton provided an update on his Workgroup's activities. The Workgroup normally meets every other Thursday at the Department of Taxation and is looking for new members. He encouraged COTS members to join.

The Workgroup has developed an online survey tool to solicit input from citizen groups on business processes that can be improved. This input will be used by the Workgroup to identify target business processes that are visible to customers and have the potential for improvement. The survey will be linked to other agency surveys, with anticipated live date of October 1, following approval by the CIO of the Commonwealth in mid-September.

The Workgroup has also developed a list of transferable technology solutions that may offer business process improvements in a few known problem areas. The group is also continuing to analyze the *Enterprise Business Architecture* to identify process improvement targets.

Workgroup Vice-Chairman Mr. Burhop noted that this is the first enterprise-wide survey he has seen. Most online surveys are agency-specific.

PPEA Review Workgroup

PPEA Review Workgroup Chairman Dave Burhop reported the Workgroup submitted its final report to the CIO of the Commonwealth and the Infrastructure PPEA Steering Committee a few weeks ago. The report was well-received by the Steering Committee and was focused on end-user services, network services, data center and facilities, and cross-functional services. On behalf of the Workgroup membership, Mr. Burhop thanked Mr. Stewart for the opportunity to review and be involved. Mr. Stewart commended the Workgroup for its work and contribution, noting the report was well done.

COVITS Workgroup

COVITS Workgroup Chairman Mark Willis reported the Workgroup was set up for two purposes: to provide input into the content of the Commonwealth of Virginia Information Technology Symposium (COVITS) and provide recommendations for the Governor's Technology Awards. The Workgroup has worked with the COVITS planning staff to secure public-sector speakers and workshop leaders representing state government, local government, higher education, and K-12 education.

Per the recommendation of the COTS Workgroup, the Governor's Technology Awards program was reinstated for 2005. The submission deadline was August 15, and Virginia received 25 award nominations in four categories from both public and private sector groups. The Workgroup recruited judges, who are evaluating the nominations through September 8. The winners will be announced at the Governor's Technology Awards ceremony on September 18.

Mr. Stewart commended the Workgroup for its work in achieving its objectives, and thanked the Workgroup members and workshop speakers for their participation and support.

Strategic Planning Workgroup

Mr. Stewart reported on behalf of Strategic Planning Workgroup Chair Jan Fatouros. The Workgroup will be reactivated in the Fall to assist with the active project underway to develop the next four-year, statewide strategic plan for technology. The plan will be aligned with the direction of the Council on Virginia's Future, the General Assembly, and the new strategic planning process in place at the Department of Planning and Budget. The *Enterprise Business Architecture* will also be an input to the new strategic plan.

New Business & Public Comment

Mr. Stewart asked if any Council members had new business to bring to the Council. Mr. Molchany thanked Mr. Lane and Mr. Somerhalder for their presentations. He used his Blackberry to access Fairfax County's building permit service, and commended Virginia.gov for offering wireless services. He recommended Virginia.gov provide multiple links to FirstGov.gov, the portal site for the U.S. government, to promote seamless government.

Mr. Stewart asked for public comment. There was none.

Adjournment

There being no further business, Mr. Stewart adjourned the meeting at 4:04 p.m.